

## Message Text

LIMITED OFFICIAL USE

PAGE 01 MANILA 06099 240445Z

17

ACTION TRSE-00

INFO OCT-01 EA-11 ISO-00 NEA-14 IO-14 H-03 L-03 PRS-01

PA-04 USIA-15 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 SS-20 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

DRC-01 /180 W

----- 021022

P 240310Z MAY 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 3737

INFO AMEMBASSY JAKARTA PRIORITY

LIMITED OFFICIAL USE MANILA 6099

USADB

FOR NAC AGENCIES

E.O. 111111652: DECLAS 11-24-74

TAGS: EAID, EFIN, ID

SUBJ: REALLOCATION OF SAVINGS IN ADB LOAN FOR BANK RAKYAT  
INDONESIA MODERNIZATION PROJECT

SUMMARY: ADB MANAGEMENT PROPOSES TO APPROVE REQUEST OF  
BANK RAKYAT INDONESIA (BRI) REALLOCATE SAVINGS RESULTING  
FROM PROCURMENT OF SMALLER NUMBER OFFICE MACHINES AND  
AT LOWER PRICES THAN ESTIMATED, TO PURCHASE ADDITIONAL  
MACHINES OF DIFFERENT TYPE AND OBTAIN FURTHER CONSULTANT  
SERVICES, INCLUDING TRAINING, TO ACHIEVE ORIGINAL OB-  
JECTIVES OF LOAN. UNUTILIZED BALANCE OF LOAN TO BE RE-  
ALLOCATED IS \$1,095,014 OUT OF ORIGINAL LOAN OF \$3.4  
MILLION. MANAGEMENT PROPOSES BOARD APPROVE ON "NO  
OBJECTION" BASIS BY JUNE 10. USADB INTENDS OFFER NO  
OBJECTION. END SUMMARY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MANILA 06099 240445Z

1. ADB DOC R-50-74 DESCRIBING PROPOSAL POUCHED ADDRESSEES MAY 21, 1974. MANAGEMENT RECOMMENDATION WILL BE DEEMED APPROVED IF NO OBJECTION OR REQUEST FOR DISCUSSION RECEIVED BY 10 JUNE 1974.

2. DOCUMENT NOTES TENDERING FOR SUPPLY OF CASHIER AND ACCOUNTING MACHINES AWARDED OCT 1972 TO BURROUGHS MACHINES LTD (UK) AT TOTAL COST OF US\$1,559,131, ABOUT US\$1.2 MILLION (44 PERCENT OF EQUIPMENT COST ESTIMATE) LESS THAN ANTICIPATED. LOW TENDER OFFER CONSEQUENCE OF COMMERCIAL DECISION BY SUPPLIER ASSURE ITS WINNING AWARD TO FACILITATE COMPANY'S LONG-TERM OPPORTUNITIES FOR FUTURE OPERATIONS IN INDONESIA. ALSO, ONLY 179 MANUAL CALCULATORS OF 300 ORDERED WERE DELIVERED, AND BRI CANCELLED BALANCE OF ORDER WITH BANK APPROVAL.

3. DOC FURTHER NOTES DUTCH CONSULTANT (BERENSCHOT-BOSBOOM N V) FAILED PROVIDE CLOSE SUPERVISION AND DIRECTION TO ITS STAFF IN FIELD, WITH CONSEQUENCE THEY PERFORMED MORE AS INDIVIDUAL CONSULTANTS PURSUING OWN PRIORITIES THEREBY NEGLECTING COVER CERTAIN ASPECTS OF WORK INCLUDED IN ORIGINAL TERMS OF REFERENCE.

4. BRI HAS REQUESTED REALLOCATION OF \$574, 969 OF SAVINGS TO PERMIT PROCUREMENT OF 200 PASSBOOK POSTING MACHINES TO ENABLE MECHANIZATION OF POPULAR NEW NATIONAL SAVINGS DEPOSIT/LOTTERY SCHEME WHICH HAD NOT BEEN ESTABLISHED AT TIME OF ORIGINAL APPRAISAL. CURRENT MANUAL POSTING OF DEPOSITS AND WITHDRAWALS, MANUAL CALCULATIONS OF PASSBOOK BALANCES OVER ONE MILLION ACCOUNTS IS TIME-CONSUMING, AND INCONSISTENT WITH OVERALL MECHANIZATION GOALS OF PROJECT.

5. DOC FURTHER NOTES THAT CONSULTANT SERVICES ORIGINALLY CONTRACTED FOR WILL END JUNE 1974; AND PLAN TO ESTABLISH "PILOT" SCHEME AS DEMONSTRATION OF BENEFITS MECHANIZED OPERATION HAS BEEN DELAYED BY LATE DELIVERY OF CASHIER AND ACCOUNTING MACHINES. REVISED PROJECT COMPLETION TARGET NOW AUG 1976, AN 18-MONTH DELAY. DELAYS ATTRIBUTED TO LATE PREPARATION OF TENDERS, DELAYED AWARDS OF SUPPLY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MANILA 06099 240445Z

CONTRACTS, AND INADEQUATE SUPPORT FORMER BRI BOARD TO CONSULTANTS AND COUNTERPART STAFF.

6. BRI REQUESTS AND BANK PROPOSES APPROVE ADDITIONAL 18-MONTHS IN CONSULTANCY SERVICES AT COST OF \$405,000 IN AREAS OF MECHANIZATION AND ACCOUNTING, FINANCIAL MANAGEMENT, INVESTMENT AUDIT AND TRAINING. EXCEPT FOR TRAINING, ALL CONSULTANCY SERVICES SAME AS PROVIDED

UNDER ORIGINAL SCOPE OF WORK. (REMAINING \$115,045 OF SAVINGS TO PROVIDE FOR CONTINGENCY FACTOR.)

7. BANK BELIEVES ADDITIONAL CONSULTANCY NEEDED ENABLE BRI TO SERVE AS PRINCIPAL CREDIT SOURCE RURAL SECTOR BY STRENGTHENING INVESTMENT CREDIT BUREAU; HELPING OVERCOME DELAYS IN PROCESSING LOAN APPLICATIONS; ESTABLISHING CRITERIA FOR IDENTIFYING AND SELECTING MEDIUM-TERM CREDIT PROJECTS; IMPROVING APPRAISAL TECHNIQUES; AND GENERALLY UPGRADING BRI STAFF CAPABILITIES.

8. MANAGEMENT NOTES REALLOCATION OF LOAN FUNDS IMPLIES NO CHANGE IN OBJECTIVES OF PROJECT, RATHER WILL ENABLE MORE RAPID AND THOROUGH DEVELOPMENT NEW SYSTEMS AND PROCEDURES AND PROVIDE NECESSARY TRAINING.

9. USADB INTENDS OFFER NO OBJECTION.  
SULLIVAN

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PROCUREMENT, PERSONNEL TRAINING, BANK LOANS, OFFICE EQUIPMENT  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 MAY 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GarlanWA  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974MANILA06099  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740130-0383  
**From:** MANILA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740520/aaaaargj.tel  
**Line Count:** 133  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION TRSE  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GarlanWA  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 24 JUL 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <24 JUL 2002 by shawdg>; APPROVED <04 MAR 2003 by GarlanWA>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** REALLOCATION OF SAVINGS IN ADB LOAN FOR BANK RAKYAT INDONESIA MODERNIZATION PROJECT  
**TAGS:** EAID, EFIN, ID, ADB  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005